



The Secretary for Health Services

COMMONWEALTH OF KENTUCKY

275 EAST MAIN STREET

FRANKFORT 40621-0001

(502) 564-7042

PAUL E. PATTON
GOVERNOR

MARCIA R. MORGAN
SECRETARY

November 3, 2003

Nursing Facility Provider Letter # A-196

Dear Nursing Facility Provider:

The Nursing Facility Provider Letter #A-195 dated September 30, 2003, outlined ancillary repricing methodology for both straight Medicaid and Medicare Part B crossover claims. Effective with services provided on or after November 1, 2003, price-based nursing facility providers shall be reimbursed for ancillary services in accordance with a fee for service methodology.

The Department for Medicaid Services shall reimburse for ancillary services as established in 907 KAR 1:023 utilizing the corresponding outpatient procedure code rate listed in the Medicaid Physicians Resource Based Relative Value Scale fee schedule. Oxygen therapy shall be reimbursed utilizing the durable medical equipment fee schedule. Both the RBRVS and the DME fee schedules may be viewed and/or downloaded from the Kentucky Medicaid web site, <http://chs.ky.gov/dms/> click on "Fee Schedules". In addition, the Department has compiled a question and answer listing regarding the new ancillary billing process. This listing may also be viewed and/or downloaded from the Kentucky Medicaid web site home page, <http://chs.ky.gov/dms/>.

Respiratory therapy and respiratory therapy supplies shall no longer be paid as an ancillary. An add-on amount to a nursing facility's routine services per diem rate may be requested. This add-on will be added to the providers' rate in effect from November 1, 2003 through June 30, 2004. This add-on amount shall be calculated from a nursing facility's annualized Medicaid allowed cost of respiratory therapy and respiratory supplies for the period July 1, 2003 through September 30, 2003 divided by the nursing facility's Medicaid days reported on the most recent cost report filed with the department as of November 1, 2003.

"...promoting and safeguarding the health and wellness of all Kentuckians."

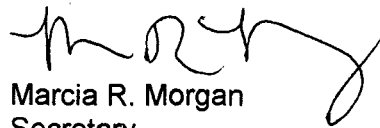


EQUAL OPPORTUNITY EMPLOYER M/F/D

A nursing facility shall apply for the routine services per diem add-on by submitting a "Schedule J Request for Reimbursement" form (attached) to the department by December 1, 2003. Please note that recipient names and MAID numbers must be included for these expenses. In order for these expenses to be considered allowable, they must be prior authorized by the PRO and paid through Unisys, thereby having passed through our automated editing/auditing process.

If you have any questions, please contact Benjamin R. Sweger, Director, Division of Long Term Care and Disability Services at 502-564-7540.

Sincerely,



Marcia R. Morgan
Secretary

Enclosure

MRM/jm/ac